

Internal Revenue Service  
**memorandum**

CC:TL:Br3  
GEBowden

date: APR 27 1989

to: District Counsel, Seattle CC:SEA  
Attn: Catherine L. Campbell

from: Assistant Chief Counsel (Tax Litigation) CC:TL

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subject: Request for Tax Litigation Advice: Suspension of Interest on  
Additions to Tax

Your memorandum dated March 14, 1989 requested formal Tax Litigation Advice.

ISSUE

Whether I.R.C. § 6601(c) serves to suspend interest on additions to tax imposed by I.R.C. §§ 6651(a)(1), 6653, 6659, 6660, or 6661.

CONCLUSION

Section 6601(c) does suspend interest on these additions to tax when notice and demand for payment have not been made within 30 days of the filing of a waiver of restrictions on assessment.

DISCUSSION

Section 6601(c) provides that, when notice and demand for payment have not been made within 30 days of the filing of a waiver of restrictions on assessment of a deficiency, "interest shall not be imposed on such deficiency" and "interest shall not be imposed . . . on any interest with respect to such deficiency . . ." The question to be addressed is whether certain additions to tax come within the meaning of "deficiency" for the purposes of 6601(c).

Our informal tax litigation advice concluded that statutory construction seemed to imply that the additions should not be included within the meaning of "deficiency", but that no policy reason existed for suspending interest on tax and interest, but not additions to tax. We therefore recommended that interest be suspended on the additions as well. As promised in that advice, we referred the question to the Assistant Chief Counsel (Income Tax & Accounting) for technical advice.

We have received a draft O.M. as a result of that technical advice request, which we have previously forwarded to you. The draft O.M. concludes that the term "deficiency", as defined by

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I.R.C. § 6211, includes the subject additions, by operation of I.R.C. § 6662. We concur with the analysis in the draft O.M.

In our memorandum accepting the O.M., we noted the contrary position espoused in the I.R.M. and training materials. We expect that a reconciliation meeting will be scheduled shortly. We will keep you advised as to our progress in resolving this issue. If you require further information, please contact George Bowden at FTS 566-3407.

MARLENE GROSS

By: Judith M. Wall  
JUDITH M. WALL  
Acting Chief, Branch 3

Attachment:  
Draft O.M.